

Message Text

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PAGE 01 STATE 234167

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ORIGIN ABF-01

INFO OCT-01 ISO-00 EA-07 SSO-00 /009 R

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DRAFTED BY: S/S-O:DMACK

APPROVED BY: S/S-O:DMACK

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FM SECSTATE WASHDC

TO AMCONSUL HONG KONG IMMEDIATE

LIMITED OFFICIAL USE STATE 234167

STADIS//////////

ACTION FOR KELLEY AND SCARRITT

FOLLOWING TEL SENT ACTION RANGOON FROM SECSTATE OCT 01:

QUOTE LIMITED OFFICIAL USE STATE 234167

STADIS

E.O. 11652: N/A

TAGS: ABUD, BM

SUBJECT: EXCHANGE RATE FOR OFFICIAL TRANSACTIONS

REF: RANGOON 2653

1. THE DEPARTMENT SEES NO BASIS FOR ESTABLISHMENT OF A SPECIAL RATE OF EXCHANGE FOR OFFICIAL DISBURSEMENTS. BASIC TREASURY AND DEPARTMENT PRACTICE IS TO HONOR, IN OUR OFFICIAL TRANSACTIONS, RATES SET OFFICIALLY BY FOREIGN GOVERNMENTS. IT IS CLEARLY SET FORTH IN FAM REGULATIONS THAT THE "PREVAILING RATE", OR THE HIGHEST LEGAL RATE IN THE COUNTRY AT WHICH WE COULD PURCHASE CURRENCY WITH DOLLARS FOR THE PURPOSE, IS TO BE US\$

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IN SETTLEMENT OF OUR OFFICIAL

OBLIGATIONS. THIS CONCEPT HAS BEEN CHALLENGED IN RECENT YEARS, BUT NEVER SUCCESSFULLY. TREASURY HAS APPROVED SPECIAL RATES ON A ONE-TIME BASIS IN EXCESS CURRENCY COUNTRIES WHEN IT WAS DETERMINED THAT SUCH A RATE WOULD ACCOMPLISH EITHER BALANCE OF PAYMENT OR OVER-ALL BUDGET SAVINGS TO THE U.S. GOVERNMENT, BUT NEVER FOR GENERAL OR CONTINUING USE. AT PRESENT, WE DO NOT PERCEIVE JUSTIFICATION FOR A SPECIAL KYAT RATE FOR EVEM ONE-TIME USE.

2. IN OUR JUDGEMENT, AN APPROACH TO TREASURY ON THIS MATTER WOULD BE TOTALLY UNSUCCESSFUL, AND WOULD TRIGGER

TREASURY REVIEW OF THE PRESENT RATE FOR ACCOMMODATION EXCHANGE WITH UNDESIRABLE RESULTS FROM EMBASSY STANDPOINT.
UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 OCT 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE234167
Document Source: CORE
Document Unique ID: 00
Drafter: O:DMACK
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750343-0427
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751087/aaaaczgw.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ABF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: 75 RANGOON 2653
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUL 2003 by KelleyW0>; APPROVED <12 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXCHANGE RATE FOR OFFICIAL TRANSACTIONS
TAGS: ABUD, BM
To: HONG KONG
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006